

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 AECE-00 SAI-01

PRS-01 AF-10 NEA-10 ARA-16 DRC-01 /192 W

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P 031655Z MAY 74

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 2655

INFO USMISSION OECD

C O N F I D E N T I A L VIENNA 3956

STATE ALSO FOR T/IEP

E.O. 11652: GDS

TAGS: ENRG, OPEC

SUBJECT: OPEC STAFFER'S COMMENTS ON WORKING

PARTY MEETING, FUND, AND RUNOR OF KHENE TRIP TO
MOSCOW

1. EMBOFF MET SENIOR OPEC STAFFER MAY 3 TO
DISCUSS RESULTS OF WORKING PARTY MEETING ON EXCESS
PROFITS TAX PROPOSALS. SOURCE NOTED WORKING PARTY ONLY
DISCUSSED PROPOSALS AND DID NOT MAKE ANY FIRM
RECOMMENDATIONS. WORKING PARTY MEMBERS WERE NEITHER
HIGH-LEVEL NOR PARTICULARLY QUALIFIED. NEITHER SAUDI
ARABIA NOR UNITED ARAB EMIRATES SENT REPRESENTATIVES.

2. WORKING PARTY CONSIDERED PROPOSALS FROM ALGERIA,
ECUADOR, AND VENEZUELA. SOURCE SAID ECUADORIAN AND
VENEZUELAN PROPOSALS SIMILAR AND OFFERED EXCESS
PROFITS TAX FORMULAS BASED ON POSTED PRICE. ALGERIAN
PROPOSAL WOULD SCRAP POSTED PRICE AND USE INSTEAD
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THEIR OWN INTERPRETATION OF GOING MARKET PRICE AS

BASE FOR TAX CALCULATION. SOURCE FELT ALGERIAN PROPOSAL UNREALISTIC AND UNWORKABLE. THERE WAS GENERAL AGREEMENT TO SEEK FORMULA RESTRICTING COMPANY PROFITS TO CIRCA \$.50-.55 PER BARREL, BUT NO AGREEMENT YET ON HOW TO REACH SUCH A FORMULA. SOURCE CONSIDERED WORKING PARTY MEETING LARGELY A WASTE OF TIME AND SAID ECONOMIC COMMISSION BOARD MEETING END MAY WOULD MAKE SUBSTANTIVE RECOMMENDATIONS TO MINISTERS' MEETING IN QUITO IN JUNE.

3. SOURCE SAID ARTICLES OF INCORPORATION ON OPEC FUND HAVE BEEN CIRCULATED FOR COMMENT TO MEMBER STATES, BUT NO MEMBER HAS YET GIVEN OPEC ANY RESPONSE. SOURCE EXPRESSED PERSONAL VIEW THAT FUND WOULD NEVER MATERIALIZE.

4. SOURCE COMMENTED IN PASSING THAT A JOURNALIST HAD QUERIED HIM MAY 3 ABOUT RUMOR THAT OPEC SECRETARY-GENERAL KHENE PLANNING TRIP TO MOSCOW. SOURCE SAID HE KNEW NOTHING ABOUT SUCH A TRIP. ECONCOUN HEARD SAME RUMOR MAY 3 FROM AUSTRIAN NATIONAL OIL COMPANY DIRECTOR BAUER. HUMES

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Message Attributes

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30 JUN 2005

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